## Office of Chief Counsel Internal Revenue Service

## memorandum

CC:MSR:KSM:KCY:TL-N-3156-99

MLBoman

JUL 1 4 1999

date:

to: Chief, Examination Division, Kansas-Missouri District Attention: David Moser, District Technical Coordinator Attention: Vicki Pein, Large Case Manager, E:1335

from: Associate District Counsel, Kansas-Missouri District, Kansas City

subject: Consent to Extend Statute of Limitations - TEFRA Partnership

CEP Taxpayer

This is in response to your memorandum of May 6, 1999, requesting advice concerning the statute of limitations on.

It is our understanding that for the year in question, was a state of limitations on the year in question, was a state of limitations on understanding that for the year in question, was a state of limitations on was a state of limitations on the year in question, was a state of limitations on was a state of limitations on the year in question, was a state of limitations on question. We are concurrently issuing advice on consents for state of limitations on was a state of limitations on question.

The TMP of \_\_\_\_\_\_ was \_\_\_\_\_, a Sub-S corporation. In \_\_\_\_\_, \_\_\_\_\_, obtained a general partnership and became the TMP for subsequent years. In \_\_\_\_\_\_, was dissolved. Taxpayer's representative has indicated that \_\_\_\_\_\_ should be the TMP for \_\_\_\_\_\_ also, but wants the Service to make the designation.

You have raised a series of four questions with respect to this issue.

- 1. Can action be taken to secure a consent to protect the statute of limitations on the \*\* % limited partnership interest held by \*\* while attempting to secure a consent executed by the TMP?
- I.R.C. § 6229(b)(1)(A) permits agreements to extend the statute as to any partner by agreement with that partner. Protection of the statute at the partner level is to be done only if a consent cannot be obtained at the partnership level. IRM 4541.1(14). Since it appears that you will be able to secure the partnership consent, no further discussion of this issue is

necessary at this time. Should additional problems arise, we will revisit the issue as necessary.

## 2. What documentation is necessary to confirm the dissolution of

You have indicated telephonically that this question is moot. Taxpayers have demnonstrated this to your satisfaction.

## 3. What is the proper procedure for to be designated as the TMP for ?

The designated TMP for was . This corporation was dissolved in of , which has the effect of terminating its designation as TMP. Treas. Reg. § 301.6231(a)(7)-1(l)(iii). Since the partnership has not designated a new TMP, the TMP would normally become the general partner with the largest profits interest. Treas. Reg. § 301.6231(a)(7)-1(m)(2). Since neither the partners that provision is inapplicable.

According to your memorandum,

became a general partner in . This however

does not make , the TMP,

since the determination of the partner with the largest profits

interest is determined at the close of the taxable year. Treas.

Reg. § 301.6231(a) (7)-1(m) (2).

The circumstances are present for the Service to designate a TMP. Specifically:

- (1) The prior designation has been terminated; and
- (2) the partnership has failed to make a subsequent designation; and
- (3) it is impracticable to apply the largest profits interest rule.

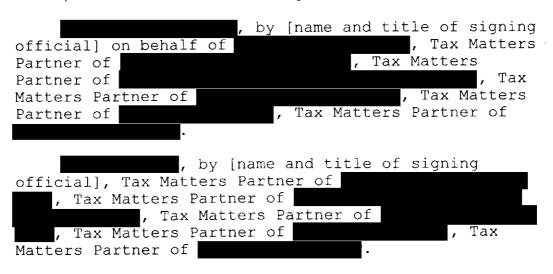
Designation of the TMP by the IRS is however limited to a partner who was a partner at the close of the taxable year under examination. Treas. Reg. \$ 301.6231(a)(7)-1(q). Thus, the

 $<sup>^1</sup>$ This is more restrictive than the ability of the partnership, who may designate a general partner at the time of the designation. Treas. Reg. § 301.6231(a)(7)-1(b)(ii).

choices for the Service to designate would be limited to and the and the You should follow the criteria and procedures set forth in IRM 4226.31(12)(13).

4. What is the proper format to be used on the Forms 872-P identifying the tiers of partnerships and what signature will be required on the consent.

For purposes of this question, we assume that you will choose as the TMP. Consistent with our other memorandum, there should be two signatures, as follows:



If we may be of further assistance, please contact Michael L. Boman at (816) 283-3046, extension 107. Since no further action is currently required, we are closing our file.

(signed) Michael L. Boman

MICHAEL L. BOMAN Senior Attorney